

DEPARTMENTAL BUDGET INFORMATION

FINANCE DEPARTMENT (23)

STATEMENT OF PURPOSE

The Finance Department will help support the Mayor's vision to transform the government of the City of Detroit to the Next Detroit by applying the guiding principles of the Next Detroit, which means structural balancing by bringing costs in line with revenue, while improving services.

In that light, the Finance Department is responsible for maintaining the City's financial solvency, providing finance-based services to City departments and facilitating economic growth in Detroit through the effective and efficient management of resources and processes that provide essential services, a safer environment and an improved business climate for the City's public and private sector customers.

DESCRIPTION

The Finance Department's principal responsibilities focus upon safeguarding the City's financial position by maximizing revenues, controlling expenditures, managing risk exposure, monitoring debt parameters and reporting financial information.

The Finance Department is comprised of various divisions. The **Administrative** Division sets and maintains policies and procedures to be used throughout the Department. The **Office of Targeted Business Development** (OTBD) facilitates, and encourages startup growth of Detroit-headquartered businesses, Detroit-based/women-owned businesses, Detroit-based/minority-owned businesses, and Detroit-based small businesses. The **Assessments, Treasury and Income Tax** Divisions are responsible for property valuation and for collecting property taxes,

income taxes and utility users taxes owed to the City. The **Accounts** Division is responsible for maintaining accounting controls, the pre-audit of expenditures, and processing all payments including payrolls. The **Purchasing** Division is responsible for the processing of City purchase orders and contracts. The **Risk Management** unit protects the assets and earning power of the City from loss or destruction and is responsible for maintaining the self-insurance Risk Management Fund, and this unit administers various safety programs. The **Debt Management** unit is responsible for financing the City's capital needs and those of quasi-public agencies, and for investing all City funds, excluding Pensions funds. This division also administers the City's deferred compensation plan. The **Pension** Division is responsible for the administration of the employee pension and retirement systems.

MAJOR INITIATIVES FOR FY 2005-06 and FY 2006-07

The Finance Department will add staff to the Treasury Division to increase revenue collection for the City of Detroit. The Accounts Division will continue to upgrade the City's Human Resources/Payroll system, implement a \$125K Plan (pre-tax) that will allow employees the option to not pay income taxes on funds deducted from wages for health care premiums, and complete the Consolidated Annual Financial Report (CAFR) by December 31, 2006. The Purchasing Division will consolidate contracts similar in nature to streamline the contracting process. The Assessments Division will make current assessing information available online.

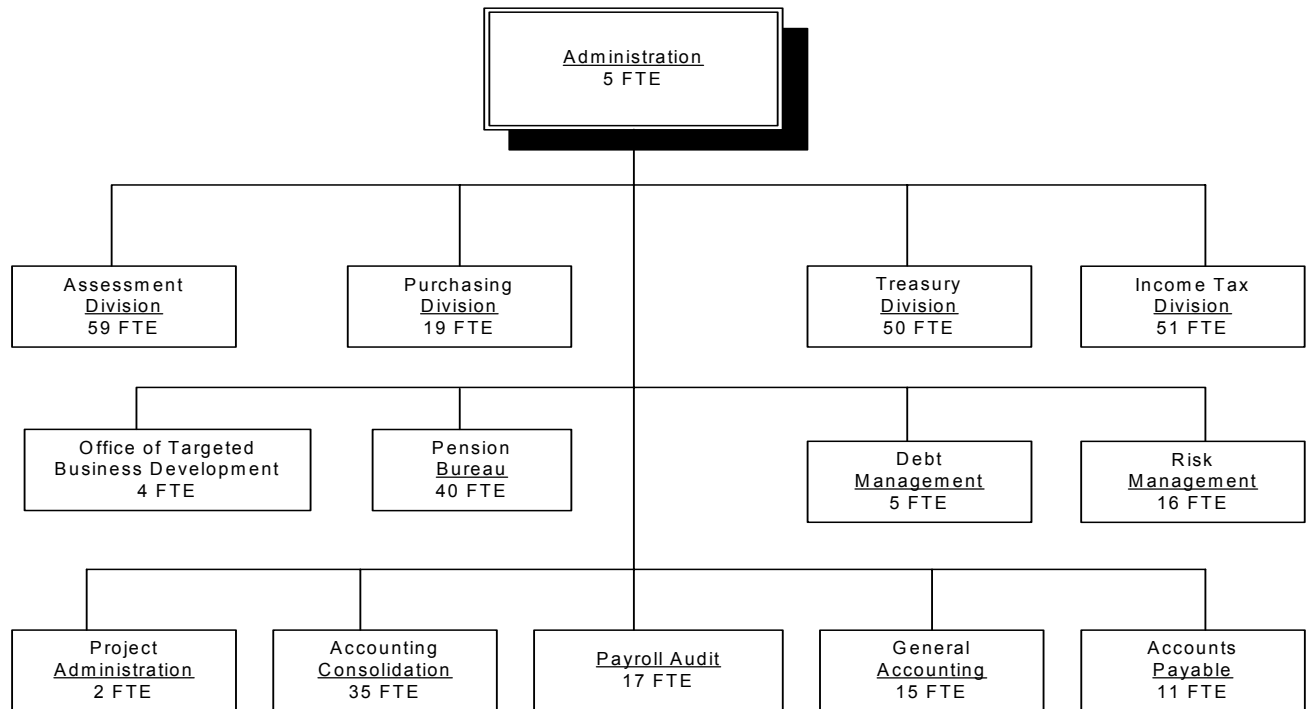
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**PLANNING FOR THE FUTURE FOR
FY 2006-07, FY 2007-08 and BEYOND**

The Finance Department plans to complete its efforts to provide online tax preparation and electronic filing for City of Detroit income taxes in the near future. The department will also develop procedures to reduce the number of purchases processed through imprest (petty cash) accounts. The Office of Targeted Business Development

will continue to provide NxLevel classes for Detroit-based businesses and also plans to increase the level of Detroit-based entrepreneurs (DBE) participation in contracting services with the City of Detroit as well as other government agencies and private-sector companies.

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PERFORMANCE MEASURES AND TARGETS

Type of Performance Measure: List of Measures	2004-05 Actual	2005-06 Projection	2006-07 Target
Outputs: Units of Activity directed toward Goals			
Contracts Processed	841	750	765
Personal property audits	1,010	1,200	1,300
Refund paid (checks issued)	157,650	220,000	220,000
Vendor Payments Processed	177,808	169,781	175,000

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EXPENDITURES

	2004-05 Actual Expense	2005-06 Redbook	2006-07 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 19,521,665	\$ 15,990,861	\$ 14,127,962	\$ (1,862,899)	-12%
Employee Benefits	13,032,349	9,677,927	10,407,018	729,091	8%
Prof/Contractual	2,603,065	3,673,864	3,705,618	31,754	1%
Operating Supplies	421,271	545,406	540,216	(5,190)	-1%
Operating Services	4,841,046	4,052,480	4,280,497	228,017	6%
Capital Equipment	42,775	21,381	21,381	-	0%
Capital Outlays	770	-	-	-	0%
Fixed Charges	280,998	184,124	153,241	(30,883)	-17%
Other Expenses	80,067	422,570	448,002	25,432	6%
TOTAL	\$ 40,824,006	\$ 34,568,613	\$ 33,683,935	\$ (884,678)	-3%
POSITIONS	399	394	329	(65)	-16%

REVENUES

	2004-05 Actual Revenue	2005-06 Redbook	2006-07 Mayor's Budget Rec	Variance	Variance Percent
Taxes/Assessment	\$ 100	\$ -	\$ -	\$ -	0%
Fines/Forfeits	32,835	45,000	33,220	(11,780)	-26%
Revenues	1,066	-	-	-	0%
Grants/Shared	473,876	-	-	-	0%
Sales & Charges	4,709,790	7,435,135	6,995,776	(439,359)	-6%
Sales of Assets	11,936	-	-	-	0%
Miscellaneous	(8,708)	7,924	-	(7,924)	-100%
TOTAL	\$ 5,220,895	\$ 7,488,059	\$ 7,028,996	\$ (459,063)	-6%

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